



THIS IS EFTA

2012



This is EFTA 2012

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Table of contents

THE EUROPEAN FREE TRADE ASSOCIATION	6
THE EFTA STATES	10
FREE TRADE AGREEMENTS	12
THE EEA AGREEMENT	17
EFTA INSTITUTIONS	24
EFTA IN FIGURES	27

Statistical tables

Fig. 1: General information	11	Fig. 15: Leaders in world merchandise trade	30
Fig. 2: Economic indicators	11	Fig. 16: Leaders in world commercial services trade	31
Fig. 3: EFTA's main import sources of merchandise trade, excluding EU27	15	Fig. 17: EFTA's top export destinations for merchandise trade	31
Fig. 4: EFTA's main export destinations for merchandise trade, excluding EU27	15	Fig. 18: EFTA's top import sources of merchandise trade	31
Fig. 5: EFTA's main trading partners in merchandise trade	15	Fig. 19: EFTA's key imports by commodity	32
Fig. 6: EEA EFTA financial contribution and payment to EU programmes, agencies and other activities	19	Fig. 20: EFTA's key exports by commodity	32
Fig. 7: EFTA Budget	26	Fig. 21: EFTA's imports from the world	33
Fig. 8: Contributions to the EFTA Budget	26	Fig. 22: EFTA's exports to the world	33
Fig. 9: The EU27's top trading partners in merchandise trade	27	Fig. 23: GDP world ranking	33
Fig. 10: The EU27's top trading partners in trade in services	27	Fig. 24: Leaders in GDP per capita (PPP)	34
Fig. 11: The EU27's merchandise trade with EFTA	27	Fig. 25: Global FDI flows by recipient	34
Fig. 12: EFTA's merchandise trade with the world and the EU27	27	Fig. 26: Global FDI flows by origin	34
Fig. 13: EFTA's merchandise trade with the EU27	28	Fig. 27: Global FDI stocks by recipient	35
Fig. 14: EFTA's top 50 trading partners in merchandise trade: 2010	29	Fig. 28: Global FDI stocks by origin	35
		Fig. 29: Top EFTA listed companies	35
		Fig. 30: The World Competitiveness Scoreboard	36
		Fig. 31: The Global Competitiveness Index	36
		Fig. 32: The Human Development Index	36
		Fig. 33: Social indicators	37
		Fig. 34: Unemployment rates	37

Editor's Note:

"This is EFTA" is an overview of EFTA's activities and institutional framework. For an overview of the more specific activities that took place last year, please consult EFTA's Annual Report, available on our website: <http://www.efta.int/publications/>. The latest updates from Eurostat can be accessed via its homepage: <http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home>.

FOREWORD



Since its establishment over 50 years ago, the European Free Trade Association has played an important role in Europe's political and economic development. EFTA's present membership and structure must therefore be seen in the context of the wider quest for European economic integration and the development of a global trading system.

In the post-war years, it was widely recognised that free trade was vital for European economic growth and reconstruction. Countries were determined not to return to the chaotic trading situation of the pre-war period, and so the General Agreement on Tariffs and Trade was born. In Western Europe, free trade and economic integration were seen as important steps in the political process aimed at averting future conflicts. In 1957, six European states signed the Treaty of Rome, creating the European Economic Community, a customs union with close economic cooperation in key areas. Three years later, seven other European states signed the EFTA Convention, forming their own free trade area.

Over the ensuing decades, EFTA's membership changed several times as political integration in Europe gathered pace. The "new EFTA" as we know it today came into existence in 1995 with its present membership of Iceland, Liechtenstein, Norway and Switzerland.

Today, the liberalisation of intra-EFTA trade relations has been achieved in most areas through the EFTA Convention. In addition, the Association has two substantive tasks: to assist the EFTA States in negotiating and maintaining free trade agreements (FTAs) with non-EU countries; and to assist Iceland, Liechtenstein and Norway in the operation and development of the Agreement on the European Economic Area (EEA). Work on FTAs is carried out in

EFTA's headquarters in Geneva, while EEA matters are managed in Brussels.

The results achieved by EFTA are considerable.

Within the framework of EFTA, its Member States have at present concluded 24 FTAs with 33 countries globally. Negotiations with several large emerging economies are ongoing and exploratory discussions are taking place with a number of other states on possible future agreements. At the same time, EFTA's Member States maintain their strong commitment to the multilateral rule-based trading system embodied by the World Trade Organization, and EFTA's FTAs are based on and seek to promote this system.

The EEA Agreement forms the legal basis for economic cooperation between the three EEA EFTA States and the European Union. As parties to the EEA Agreement, they are full participants in the EU's Internal Market, which is based on the principle of the free movement of goods, services, capital and persons, with uniform and homogeneous rules governing state aid and competition. Switzerland, though not a member of the EEA, benefits from its active observer status in the EEA EFTA structure.

In 2010, EFTA represented the world's 11th largest trader in merchandise goods and seventh largest trader in commercial services, with the EFTA States maintaining their positions as important markets for both outward and inward investment. Levels of GDP per capita were among the highest globally.

Over the past 50 years, EFTA has shown a remarkable ability to adapt to new political and economic realities. EFTA has contributed significantly to the economic development of its Member States and to the promotion of free trade. I remain confident that the Association will continue to be an indispensable instrument for our countries for years to come.

Kåre Bryn
Secretary-General

THE EUROPEAN FREE TRADE ASSOCIATION

The European Free Trade Association is an intergovernmental organisation set up for the promotion of free trade and economic integration to the benefit of its four Member States: Iceland, Liechtenstein, Norway and Switzerland. The Association is responsible for the management of:

- The EFTA Convention, which forms the legal basis of the organisation and governs free trade relations between the EFTA States;
- EFTA's worldwide network of free trade and partnership agreements; and
- The Agreement on the European Economic Area (EEA), which enables three of the four EFTA Member States (Iceland, Liechtenstein and Norway) to participate in the Internal Market of the European Union.



Creating Europe's largest free trade area of its time. EFTA's founding Member States at the signing of the EFTA Convention that established the European Free Trade Association in 1960.

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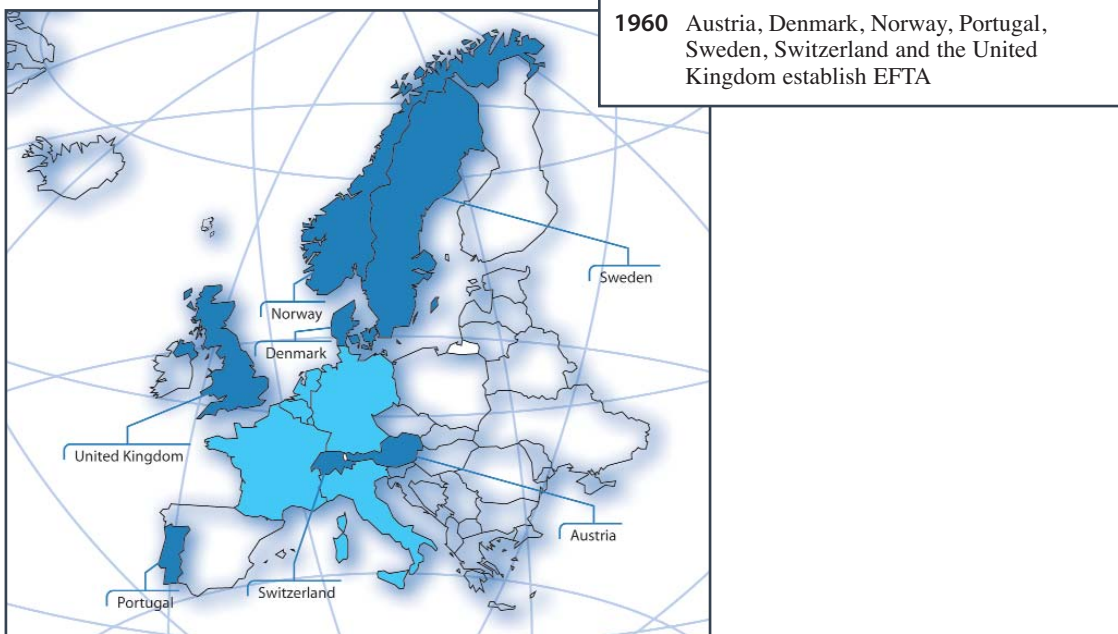
The Vaduz Convention

The EFTA Convention regulates free trade relations between its Member States and provides the legal framework for EFTA as an organisation.

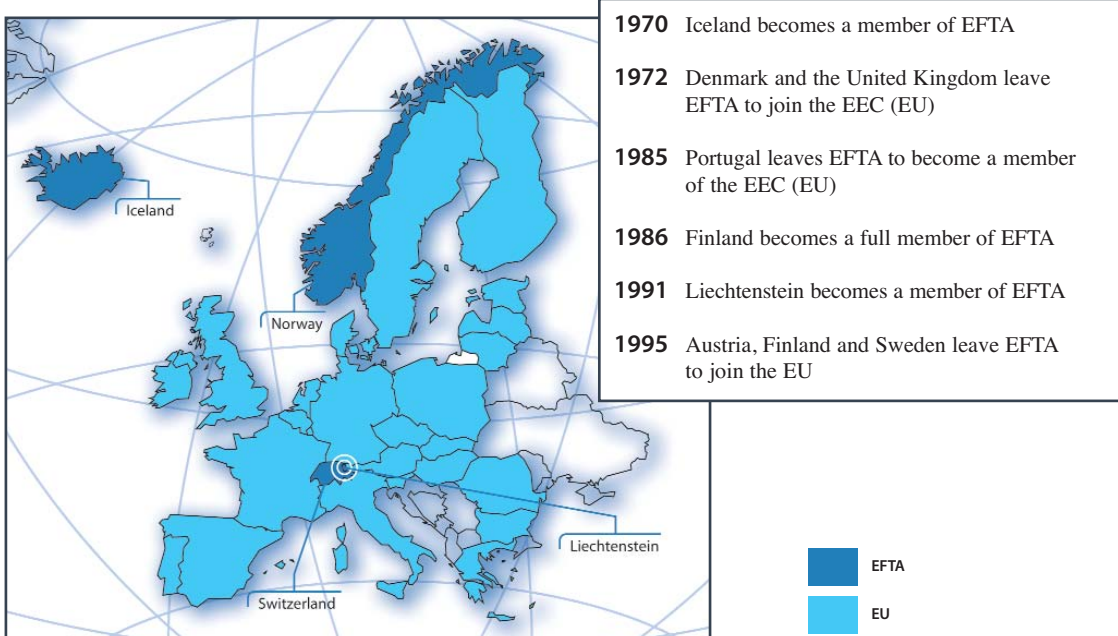
The updated EFTA Convention was signed in Vaduz, Liechtenstein on 21 June 2001. The Vaduz Convention entered into force on 1 June 2002 with the following main changes:

- The scope of the Convention was expanded to include new areas such as trade in services and investment; mutual recognition of conformity assessments; the free movement of persons, social security and mutual recognition of diplomas; land and air transport; public procurement; and intellectual property rights.
- The functions of the EFTA Council were broadened to reflect the historical changes in EFTA's mission, in particular with respect to EFTA's free trade regime with partner countries. The new Convention provides a more cohesive framework for economic relations between the four Member States, as well as giving them an improved instrument to manage their internal relations and those with present and potential partner countries.

EFTA and the EU 1960



EFTA and the EU 2012



EFTA Through the Years

- 1960** The European Free Trade Association (EFTA) is founded by Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom, to promote closer economic cooperation and free trade in Europe.
- 1961** Finland becomes an associate member of EFTA. The EFTA Consultative Committee is established (representatives of trade unions and employers' organisations).
- 1966** Full free trade in industrial products is achieved between the EFTA States.
- 1970** Iceland becomes a member of EFTA.
- 1973** Denmark and the United Kingdom leave EFTA to join the European Economic Community (EEC). The remaining EFTA States sign bilateral free trade agreements (FTAs) with the EEC during the 1970s.
- 1977** The EFTA Parliamentary Committee is established. Tariffs on industrial goods in trade are eliminated between the EEC and the EFTA States.
- 1979** EFTA's first FTA is signed with Spain.
- 1984** The Luxembourg Declaration on broader cooperation between the EEC and EFTA is signed.
- 1985** Portugal leaves EFTA to become a member of the EEC.
- 1986** Finland becomes a full member of EFTA.
- 1989** Negotiations start on a European Economic Space, later to become the European Economic Area (EEA). The EFTA States sign an agreement on free trade in fish.
- 1991** Liechtenstein becomes a member of EFTA. An FTA is signed with Turkey, EFTA's oldest agreement still in force. A further 12 FTAs are signed in the 1990s, of which three are still in force (Israel, Morocco and the Palestinian Authority). The others, all of which are with Central and Eastern European countries, lapse when those countries join the European Union (EU).
- 1992** The Agreement on the European Economic Area is signed in Oporto, Portugal. Switzerland rejects participation in the EEA by referendum.
- 1994** The EEA Agreement enters into force between the EU and five EFTA States. An EEA financial mechanism for the reduction of economic and social disparities in the EEA is established for the period 1994-1998.
- 1995** Austria, Finland and Sweden leave EFTA to join the EU. Liechtenstein becomes a full participant in the EEA Agreement together with Iceland and Norway.
- 2000** A new EEA financial instrument is established for the period 1999-2003. Eight FTAs are signed between 2000 and 2004 (in chronological order: Macedonia, Mexico, Croatia, Jordan, Singapore, Chile, Lebanon and Tunisia).
- 2001** The updated EFTA Convention is signed in Vaduz, Liechtenstein, entering into force a year later.
- 2003** An agreement on EEA enlargement in 2004 is signed as ten Central and Southern European countries join the EU. New EEA and Norwegian financial mechanisms are established for the period 2004-2009.
- 2005** Eight FTAs are signed between 2005 and 2009 (in chronological order: Korea, the Southern African Customs Union, Egypt, Canada, Colombia, Albania, the Gulf Cooperation Council and Serbia).
- 2007** An agreement on EEA enlargement is signed as Bulgaria and Romania join the EU.
- 2009** Iceland applies for EU membership. New financial mechanisms are agreed for the period 2009-2014.
- 2010** The EEA EFTA Forum of Elected Representatives of Local and Regional Authorities is established. FTAs are signed with Peru and Ukraine.
- 2011** FTAs are signed with Hong Kong China and Montenegro.





The EFTA Ministerial meeting in November 2011: Trond Giske, Minister of Trade and Industry, Norway; Einar Gunnarsson, Permanent Secretary of State of the Ministry for Foreign Affairs and External Trade, Iceland; Aurelia Frick, Minister of Foreign Affairs, Liechtenstein; Johann N. Schneider-Ammann, Federal Councillor, Head of the Federal Department of Economic Affairs, Switzerland; and Kåre Bryn, EFTA Secretary-General.

THE EFTA STATES

The four EFTA States (Iceland, Liechtenstein, Norway and Switzerland) are world leaders in several sectors vital to the global economy. EFTA's two Alpine States, Liechtenstein and Switzerland, are internationally renowned financial centres and hosts to major companies and multinationals.

The Swiss economy is based on high quality products commanding high prices in world markets. Switzerland is a world leader in pharmaceuticals, biotechnology, machinery, watchmaking, banking and insurance.

Liechtenstein, despite its small size and limited national resources, is highly industrialised and specialised in capital- and R&D-intensive high technology products, notably precision instruments.

EFTA's two Nordic States, Iceland and Norway, stand out in fish production, the metals industry and maritime transport.

The Icelandic economy benefits from renewable natural resources, in particular rich fishing grounds and hydro and geothermal power. While still relying heavily on fishing and fish processing, the Icelandic economy has increasingly diversified into the aluminium and services industries over the last two decades.

Abundant natural resources also contribute significantly to Norway's economic growth. Key economic activities are related to petroleum exploration and production, hydroelectric power and fisheries. Important services sectors include maritime transport, telecommunication and energy-related services.

In 2010, the combined GDP of the EFTA States (excluding Liechtenstein) amounted to USD 954 billion (figure 23). In terms of purchasing power, the EFTA States represented a sizeable market, ranking alongside countries with the highest GDP per capita in the world (figure 24). Despite the global financial crisis, the EFTA States also benefited from low unemployment rates in comparison to other OECD countries (figure 34). The EFTA economies are consistent strong performers with regard to competitiveness, according to the IMD World

Competitiveness Scoreboard 2011 and the WEF Global Competitiveness Report 2011 (figures 30 and 31), and EFTA citizens maintain a high quality of life (figures 32 and 33).

The EFTA States are traditionally dependent on, and open to, international trade. As a consequence, trade accounts for a significant share of their economic activity (figure 2). In spite of their modest size, the EFTA States together constituted the world's 11th largest merchandise trader (figure 15) and seventh largest trader in commercial services in 2010 (figure 16), when counting the European Union as one.

The EU27 is EFTA's main trading partner, accounting for 73.1% of EFTA's merchandise imports and 67.4% of its exports in 2010 (figure 5). EFTA is the EU's third largest trading partner, placing it before the Russian Federation and Japan (figure 9). EFTA also ranked second in trade in services in 2010, after the United States and before China, the Russian Federation and Japan (figure 10).

The EFTA States are key investors abroad, both in terms of direct investment and portfolio investment. Their combined stock of outward foreign direct investment (FDI) in 2010 amounted to USD 1 090 billion (figures 25 to 28). The EFTA States also play host to a significant number of major multinational companies such as Nestlé, Novartis, Roche, Statoil, UBS and ABB (figure 29).



General information: 2012

Fig. 1

	Iceland	Liechtenstein	Norway	Switzerland
Name	Iceland	Principality of Liechtenstein	Kingdom of Norway	Swiss Confederation
Government type	Constitutional republic	Constitutional monarchy	Constitutional monarchy	Federal republic
Head of state	President Ólafur Ragnar Grímsson	Prince Hans-Adam II of Liechtenstein	King Harald V	President of the Swiss Confederation Eveline Widmer-Schlumpf
Head of government	Prime Minister Jóhanna Sigurðardóttir	Prime Minister Klaus Tschütscher	Prime Minister Jens Stoltenberg	President of the Swiss Confederation Eveline Widmer-Schlumpf
National languages	Icelandic	German	Norwegian (Bokmål and Nynorsk)	German, French, Italian, Romansch
Capital	Reykjavík	Vaduz	Oslo	Bern
Area	103 000 km ²	160 km ²	384 802 km ²	41 285 km ²
Population (1 January 2011)	318 452	36 157	4 920 300	7 870 100
Population density (inhabitants per km ²)	3.1	226.0	12.8	190.6
Currency	Icelandic króna (ISK)	Swiss franc (CHF)	Norwegian krone (NOK)	Swiss franc (CHF)
National holiday	17 June	15 August	17 May	1 August

Source: National statistical offices and official government websites



Economic indicators: 2010

Fig. 2

	Iceland	Liechtenstein	Norway	Switzerland	EFTA ⁽⁶⁾	EU27 ⁽⁷⁾
GDP (in million EUR at market prices) ⁽¹⁾	9 495	3 457	311 855	398 878	723 684	12 257 461
GDP per capita (PPS in EUR) ⁽¹⁾⁽²⁾	26 900	39 900	43 700	36 100	36 650	24 400
GDP real growth (in %)	-4.0	n.a	0.3	2.7	n.a	1.9
Inflation (in %) ⁽³⁾	7.5	0.6	2.3	0.6	n.a	2.1
Unemployment (in %)	7.6	2.6	3.5	4.5	n.a	9.7
Exports: merchandise (in million EUR) ⁽⁴⁾⁽⁵⁾	3 466	n.a	98 972	147 979	250 416	3 756 281
Imports: merchandise (in million EUR) ⁽⁴⁾⁽⁵⁾	2 723	n.a	59 549	135 947	198 218	3 799 772
Exports: services (in million EUR) ⁽⁴⁾⁽⁵⁾	1 855	n.a	31 816	65 638	99 308	1 224 086
Imports: services (in million EUR) ⁽⁴⁾⁽⁵⁾	1 644	n.a	29 722	32 424	63 791	1 071 024
Total trade balance (in million EUR) ⁽⁴⁾⁽⁵⁾	953	n.a	41 517	45 246	87 715	109 570
Total trade (in million EUR) ⁽⁴⁾⁽⁵⁾	9 688	n.a	220 059	381 988	611 734	9 851 162
Total trade (as % of GDP)	102.0	n.a	70.6	95.8	84.5	80.4
Government financial balance (as % of GDP)	-10.1	n.a	10.6	0.4	n.a	-6.6
Government debt (as % of GDP)	92.9	n.a	44.0	40.8	n.a	80.2

Sources: Eurostat and national statistical offices

⁽¹⁾ Liechtenstein figures are from 2009.

⁽²⁾ Liechtenstein inhabitants adjusted by cross-border commuter population.

⁽³⁾ The Swiss national consumer prices index applies in Liechtenstein.

⁽⁴⁾ Liechtenstein's trade figures are included in Switzerland's trade figures due to the existence of the Swiss-Liechtenstein Customs Union.

⁽⁵⁾ Trade figures taken from national accounts data.

⁽⁶⁾ Figures include intra-EFTA trade.

⁽⁷⁾ Figures include intra-EU27 trade.

FREE TRADE AGREEMENTS

EFTA's trade strategy has evolved progressively to reach beyond the confines of Europe. Since the late 1990s, the EFTA States have "gone global" with the objective of maintaining and strengthening their competitive position worldwide.

Through EFTA, its Member States have created one of the world's largest networks of preferential trade relations, which they continue to extend. EFTA's current free trade agreement network secures economic operators preferential access to markets of around 670 million consumers outside the European Union.

The main reason why Iceland, Liechtenstein, Norway and Switzerland use EFTA as their common vehicle for preferential trade relations is that, as a group, they carry more economic and political weight, thus being more attractive to potential trade partners.

At the time of writing, EFTA has concluded 24 FTAs with a total of 33 partner countries and territories outside the EU: Albania, Canada, Chile, Colombia, Croatia, Egypt, the Gulf Cooperation Council (GCC; comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), Hong Kong

China, Israel, Jordan, Korea, Lebanon, Macedonia, Mexico, Montenegro, Morocco, Palestinian Authority, Peru, Serbia, Singapore, the Southern African Customs Union (SACU; comprising Botswana, Lesotho, Namibia, South Africa and Swaziland), Tunisia, Turkey and Ukraine.

Negotiations are in progress with Bosnia-Herzegovina, Central American States, India and Indonesia, as well as with Russia, Belarus and Kazakhstan. Negotiations are expected to be launched with Vietnam. The resumption of negotiations with Algeria and Thailand is pending. In addition, the EFTA States are conducting dialogues on closer trade relations notably with MERCOSUR (comprising Argentina, Brazil, Paraguay and Uruguay) and Malaysia. For a full overview of EFTA's trade relations, see the map and legend on page 16.

It should be noted that while the EFTA States are pursuing a policy of strengthening and expanding preferential trade relations, they continue to attach the highest priority to a well-functioning multilateral trade system under the auspices of the World Trade Organization (WTO). In EFTA's view, the multilateral and bilateral approaches are mutually supportive.



What is in an EFTA Free Trade Agreement?

EFTA Free Trade Agreements (FTAs) establish a free trade area between the partner countries by:

- Providing for free trade in industrial goods, including fish and other marine products;
- Liberalising trade in processed agricultural products;
- Including trade disciplines; and
- Establishing rules on customs and origin matters as well as trade facilitation.

Trade in basic agricultural products is covered by bilateral agreements between the individual EFTA States and the partner country, which form part of the instruments establishing the free trade area.

Some EFTA FTAs also liberalise trade in services, investment and/or public procurement, as in the case of EFTA's agreements with Chile, Colombia, the Gulf Cooperation Council, Hong Kong China, Korea, Mexico, Peru, Singapore and Ukraine. In other FTAs (e.g. with partners in the Mediterranean region) the further development and deepening of relations in these fields is foreseen through evolutionary clauses.

EFTA FTAs provide for the protection of intellectual property rights.

EFTA FTAs include rules on competition to avoid restraints that could reduce the benefits of the agreements.

The **most recent EFTA FTAs** address the issue of **trade and sustainable development.**

EFTA FTAs contain provisions for the avoidance and settlement of disputes between the parties.

EFTA FTAs are reviewed and upgraded regularly, taking into account developments in the WTO and in relations with other trading partners.

Industrial Products, Including Fish and Other Marine Products

The EFTA States have a highly developed and diversified industrial base. Their FTAs normally grant total elimination of import duties for all industrial products.

Fish and other marine products are considered industrial goods in accordance with the framework of the WTO. As the fisheries sector is of major importance to both Iceland and Norway, free trade in these products constitutes an essential element of EFTA FTAs.

Agriculture

EFTA, like the EU, generally distinguishes in its FTAs between basic agricultural products such as grain, milk and sugar, and processed agricultural products such as bread, chocolate and soup. In principle, EFTA grants free trade in processed products. Certain measures are maintained, however, to compensate for higher costs of raw materials used by EFTA's food processing industry.

Basic agricultural products are dealt with in separate bilateral arrangements between each EFTA State and the partner country, taking into account that the EFTA States do not have a common agricultural policy.

Rules of Origin

With production processes increasingly spread over several economies, rules of origin play a key role in the functioning of FTAs. These rules determine which products may benefit from preferential conditions. In order to qualify as "originating" under an FTA, products (both industrial and agricultural) need to be either "wholly obtained" or "sufficiently worked or processed" in the territory of an FTA partner.

Intellectual Property Rights

The effective protection of intellectual property rights (IPR) is essential for international trade. EFTA FTAs provide for high standards of IPR protection and include measures to enforce such rights against infringement, counterfeiting and piracy. The provisions build on the principles of national treatment and most-favoured-nation (MFN) treatment as set out in the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

Services and Investment

EFTA FTAs with European and Mediterranean countries normally contain evolutionary clauses aimed at the gradual liberalisation and mutual opening of markets in the area of services. Other agreements liberalise trade in services, covering all sectors and modes of supply. Provisions are based on the WTO General Agreement on Trade in Services, with enhanced provisions in areas of mutual interest to the parties. The chapter is accompanied by annexes for specific sectors of particular interest, for example financial services, telecommunications and maritime transport.

With respect to investment, FTAs concluded by the EFTA States follow different patterns. Substantive provisions have notably been included in the FTAs with Chile, Colombia, Hong Kong China, Peru, Singapore and Ukraine.

These agreements liberalise the establishment of businesses and may extend to other aspects such as the promotion of investments and capital movements.

Competition

EFTA FTAs contain rules on competition in recognition of the fact that the liberalisation of trade may be undermined by business practices that prevent, restrict or distort competition between economic actors in the free trade area. These provisions also apply to activities of public enterprises and monopolies.



Celebrations following the signing of EFTA's free trade agreement with Hong Kong China in June 2011: Gregory So Kam-leung, Acting Secretary for Commerce and Economic Development of Hong Kong China; and Aurelia Frick, EFTA Chair and Minister of Foreign Affairs, Liechtenstein.

Public Procurement

Open public procurement markets reduce public expenditure, ensure fair competition and provide for transparency, thereby preventing corruption and other illicit purchasing practices. Chapters on public procurement have been included in several of EFTA's recent FTAs on the basis of reciprocity, non-discrimination and transparency. Such provisions either build on the WTO Government Procurement Agreement or replicate its structure and content substantially.

Sustainable Development

EFTA has started to negotiate FTA provisions on trade and sustainable development to reflect the relevance of international environmental and labour standards for trade and economic development. The first FTAs containing such provisions were those concluded with Hong Kong China and Montenegro.

Joint Committee

A joint committee, composed of representatives of the EFTA States and the partner country supervises the implementation of each FTA. Its work is facilitated by a subcommittee that deals with customs and origin matters. Meetings are normally held every two years.

Dispute Settlement

EFTA FTAs provide for consultations as the principal means of settling any differences that may arise between EFTA and a partner country. If an amicable solution cannot be found, arbitration mechanisms

included in all recent agreements allow for a judicial review of the matter.

Different Levels of Economic Development

EFTA FTAs take into account the partner country's level of economic development. While the EFTA States normally abolish all tariffs and other restrictions on industrial products upon entry into force of an FTA, a less economically developed partner country may benefit from transitional periods. Such periods are intended to provide the partner concerned with the time necessary to adapt its economy to free trade conditions.



Signing of EFTA's free trade agreement with Montenegro in November 2011: Ljubiša Perović, Ambassador, Permanent Mission of Montenegro, Geneva; and Vladimir Kavarić, Minister of Economy, Montenegro.

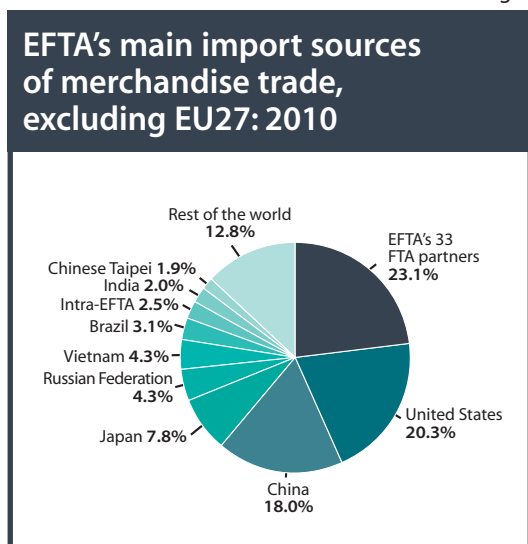
EFTA Joint Declarations on Cooperation:

- Cover cooperation on trade-related issues such as technical and other barriers to trade, customs and origin matters, and intellectual property rights.
- Aim to improve conditions for projects in the private sector.
- Establish a joint committee to review cooperation between the partners, to examine ways and means to liberalise trade and investment between the parties, and to discuss any other issues of mutual interest.
- May be a first step towards free trade relations between the partners.

EFTA has signed Joint Declarations on Cooperation with:

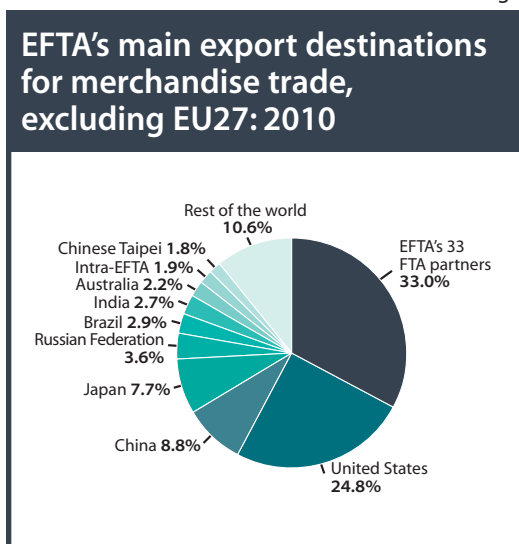
Albania, Algeria, Colombia, Croatia, Egypt, the Gulf Cooperation Council (GCC; comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), Jordan, Lebanon, Malaysia, Mauritius, MERCOSUR (comprising Argentina, Brazil, Paraguay and Uruguay), Mongolia, Montenegro, Morocco, the Palestinian Authority, Panama, Peru, Serbia, Tunisia and Ukraine.

Fig.3



Source: Eurostat (COMEXT)

Fig.4



Source: Eurostat (COMEXT)

Technical Cooperation

Technical cooperation is included in some EFTA FTAs. Its main objective is to assist partner countries in the implementation of the FTAs and to strengthen their capacity to benefit from preferential access to the EFTA markets. Capacity building, training and transfer of know-how in trade-related matters are at the core of EFTA's technical cooperation activities.

To make the best use of the available resources, technical cooperation focuses on areas where EFTA may provide expertise, such as on technical standards, rules of origin and general customs procedures, fisheries, trade in services, intellectual property rights and the promotion of exports to the EFTA States. EFTA's approach is flexible, however, and allows for the examination of any request from a partner country in accordance with the guidelines set by the EFTA Council.



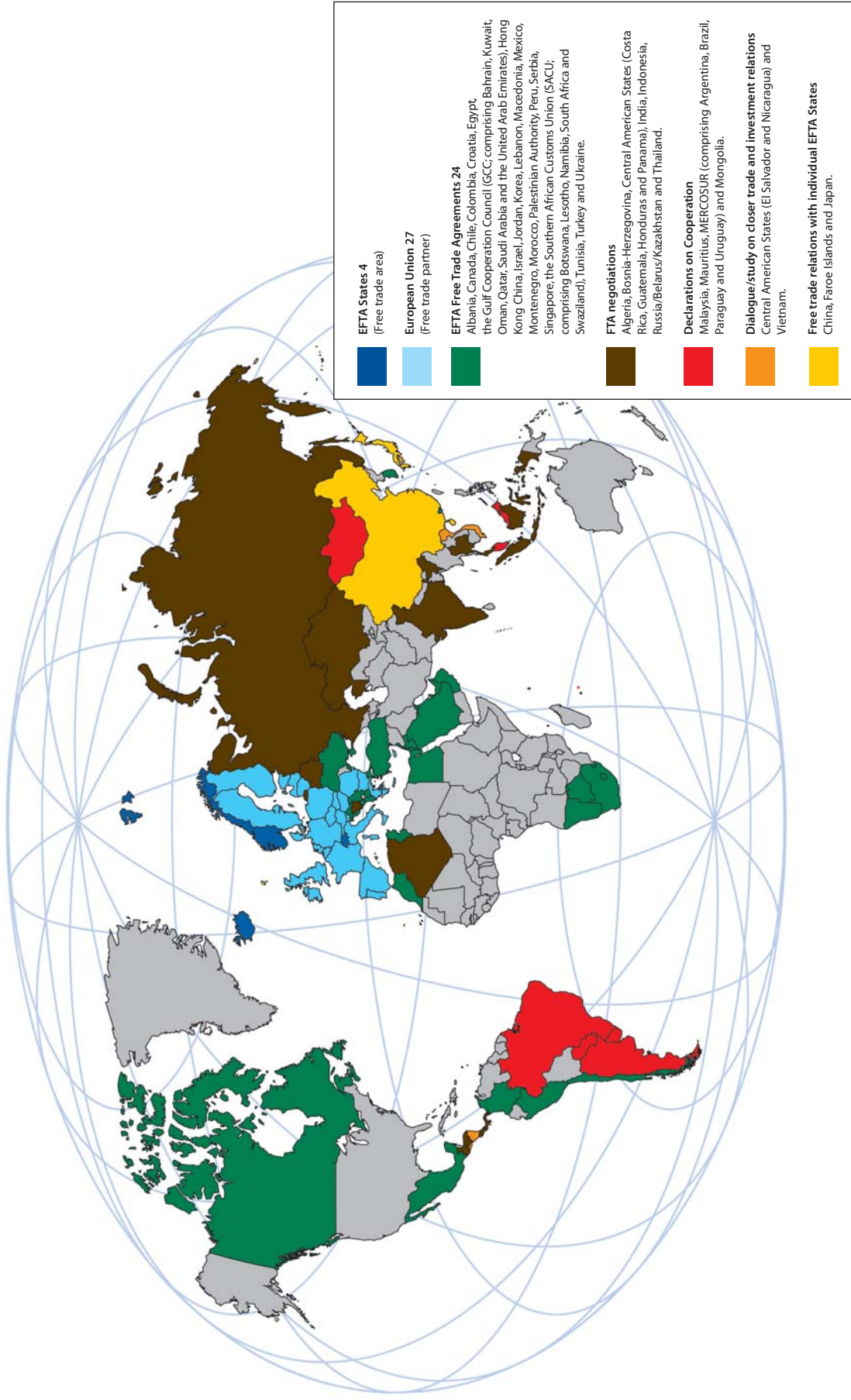
EFTA's main trading partners in merchandise trade: 2010 (in million EUR and %) Fig. 5

Rank	Country	Total trade	Share (%)	Export	Import	Trade balance
	World	467 507	100.0	262 976	204 530	58 446
1	Free trade partners	370 750	79.3	207 166	163 584	43 582
	EU27	326 800	69.9	177 279	149 521	27 759
	EFTA's 33 FTA partners (excluding EU27)	40 967	8.8	28 251	12 715	15 536
	Intra-EFTA	2 983	0.6	1 636	1 348	288
2	United States	32 392	6.9	21 252	11 140	10 112
3	China	17 441	3.7	7 539	9 903	-2 364
4	Japan	10 838	2.3	6 567	4 271	2 296
5	Russian Federation	5 454	1.2	3 062	2 392	671
6	Brazil	4 231	0.9	2 525	1 706	819
7	India	3 454	0.7	2 356	1 098	1 258
8	Vietnam	2 739	0.6	374	2 364	-1 990
9	Chinese Taipei	2 597	0.6	1 550	1 047	503
10	Australia	2 251	0.5	1 908	344	1 564
11	Thailand	1 988	0.4	1 015	973	41
12	Malaysia	1 195	0.3	662	533	129
13	Kazakhstan	1 052	0.2	200	851	-651
14	Azerbaijan	892	0.2	123	769	-646
15	Indonesia	695	0.1	453	242	211

Source: Eurostat (COMEXT)

EFTA's 33 FTA partners (excluding EU27) are: Albania, Canada, Chile, Colombia, Croatia, Egypt, the Gulf Cooperation Council (GCC; comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), Hong Kong China, Israel, Jordan, Korea, Lebanon, Macedonia, Mexico, Montenegro, Morocco, Palestinian Authority, Peru, Serbia, Singapore, the Southern African Customs Union (SACU; comprising Botswana, Lesotho, Namibia, South Africa and Swaziland), Tunisia, Turkey and Ukraine.

EFTA'S WORLDWIDE NETWORK



THE EEA AGREEMENT

The Agreement on the European Economic Area (EEA), which entered into force on 1 January 1994, brings together the 27 EU Member States and three EFTA countries — Iceland, Liechtenstein and Norway (the EEA EFTA States) — in an internal market, also referred to as the “Single Market”.

The EEA Agreement provides for the application of EU legislation covering the four freedoms — the free movement of goods, services, capital and persons — and common rules on competition and state aid, throughout the 30 EEA States. In addition, the Agreement covers cooperation in other important areas such as research and development, education, social policy, the environment, consumer protection, tourism and culture, collectively known as “flanking and horizontal” policies. The Agreement guarantees equal rights and obligations within the Single Market for citizens and economic operators in the EEA.

What Does the EEA Not Cover?

The EEA Agreement does not include the following EU policies:

- Common Agriculture and Fisheries Policies;
- Customs Union;
- Common Trade Policy;
- Common Foreign and Security Policy;
- Justice and Home Affairs (the EFTA countries are part of the Schengen area); or
- Economic and Monetary Union (EMU).

Decision Making

Whenever the European Union adopts or amends an act related to the Single Market, the contracting parties assess its EEA relevance with a view to amending the applicable annex to the EEA Agreement, in order to bring the Agreement as close as possible to EU legislation. This permits the harmonious development of law in the EEA, i.e. both within the EU and the EEA EFTA States. Both parties to the EEA Agreement can request consultation on matters of concern and negotiate adaptations to the EU legislation in question.

The EEA Agreement does not transfer any legislative powers from any of the contracting parties and therefore does not impose any direct effect of EU legislation on the EEA EFTA States. Following the

adoption of EEA rules by the EEA Joint Committee, established by the Agreement, the EEA EFTA States implement them at national level.

Decision Shaping

The EEA EFTA States do not have the right to vote in the political decision making within the EU institutions. The EEA Agreement does, however, provide the EEA EFTA States’ experts with the opportunity to contribute to the shaping of EU legislation at the preparatory stage by participating in the European Commission’s expert groups and comitology committees. These expert groups advise and assist the Commission with the drafting of new laws, which the EU Council of Ministers and the European Parliament subsequently adopt. The participation of EEA EFTA experts and representatives in over 500 of these committees and experts groups is a valuable and much appreciated opportunity for acquiring information and contributing to new legislative proposals at the earliest stages of policy formation.

Participation in Programmes

Every year, more than 1 500 organisations, public bodies and entities in the EEA EFTA States participate in the numerous EU programmes available to them. These programmes, projects and networks range from youth exchange and research programmes to public health and the development of digital content. More than 15 000 students from the EEA EFTA States have studied abroad through the Erasmus Programme, and many cultural institutions have participated in film, theatre or music projects through the Culture Programme. The EEA EFTA States’ participation in these programmes has proven to be beneficial for both sides, enabling EFTA participants to find partners across the European Union, and EU participants to take advantage of the expertise and best practices that exist in the EEA EFTA States. In addition, the EEA EFTA States’ financial contribution to these programmes increases their budgets significantly.

Through the EEA Agreement, the EEA EFTA States currently participate in the following EU programmes and activities (in order of decreasing budgets):



- Seventh Research Framework Programme
- Competitiveness and Innovation (CIP) Programme
- Lifelong Learning Programme
- Galileo Programme (Norway only)
- Competitiveness and Innovation Programme
- Youth in Action
- MEDIA Programme
- Erasmus Mundus II (Actions 1 and 3)
- Employment and Social Solidarity (PROGRESS)
- Culture Programme
- Community Statistical Programme
- Community Action in the Field of Health
- Health Programme
- European Institute of Innovation and Technology
- Intermodal Transport (Marco Polo II)
- Civil Protection Financial Instrument
- Implementation and Development of the Internal Market
- Action in Favour of Consumers
- European Employment Service (EURES)
- Fight Against Violence (Daphne III)
- Interoperable eGovernment Services (IDA)
- Safer Internet Plus Programme
- Media Mundus Programme
- Drugs Prevention and Information Programme
- Modernisation of EU Enterprise and Trade Statistics (MEETS)
- Marco Polo Programme

A detailed overview of EU programmes can be found in the EFTA Bulletin 1-2010 and the EU Programmes section of the EFTA website: <http://efta.int/eea/euprogrammes>.

Participation in EU Agencies

A number of EU agencies, mainly regulatory, have been set up in recent years to implement and execute EU regulations. The EEA EFTA States participate in several of these EU agencies, namely:

- European Agency for Safety and Health at Work
- European Aviation Safety Agency
- European Centre for Disease Prevention and Control
- European Centre for the Development of Vocational Training
- European Chemicals Agency
- European Environment Agency
- European Food Safety Authority
- European Foundation for the Improvement of Living and Working Conditions
- European GNSS Agency

- European Maritime Safety Agency
- European Medicines Agency
- European Network and Information Security Agency
- European Railway Agency

Several executive agencies, whose tasks are limited to the implementation of EU programmes, have also been established.

EFTA Statistical Office

The EFTA Statistical Office (ESO) was created in 1991 as a liaison office between Eurostat (the Statistical Office of the European Union) and the EFTA national statistical institutes (NSIs), and is located on the premises of Eurostat in Luxembourg.

ESO's main objective is to sustain the integration of the EFTA States into the evolving European Statistical System, providing harmonised and comparable statistics to support the general cooperation process between EFTA and the EU. This cooperation is governed by the EEA Agreement and the Swiss-EU Agreement in the field of statistics. It has extended progressively to EFTA cooperation with the EU in statistical assistance projects for third countries and in the European Statistical Training Programme.

ESO is supported by the Working Group of the Heads of the NSIs. The Working Group meets at least once a year and brings together the Directors-General of the NSIs of all EFTA countries. For EEA matters, Switzerland is an observer.

Joint EEA Bodies The EEA Council

The EEA Council meets twice a year and provides political impetus for the development of the EEA Agreement. The EEA EFTA States are represented in the EEA Council by their respective foreign ministers. Before the Lisbon Treaty, the European Union was represented by the so-called "Troika", which was led by the foreign minister of the rotating EU Council presidency, the European Commissioner for External Relations and the High Representative for the EU's Common Foreign and Security Policy. When the two latter positions were merged under the Lisbon Treaty, the EU Council decided that the EEA Council would continue to be chaired on the EU side by the rotating presidency.

EEA EFTA financial contribution and payment to EU programmes, agencies and other activities (payments in EUR 1 000)

Fig. 6

Sectors of activity	2010	2011
Research	150 212	144 075
Education, training and youth	30 863	27 520
Transport	19 481	12 779
Information services	4 362	3 715
Social policy and employment	3 747	2 874
Audiovisual sector	2 711	2 824
Enterprise, innovation, SMEs	5 807	2 742
Public health	2 409	2 551
Product requirements (chemicals, food and medicines)	3 533	2 489
Culture	1 284	1 320
Statistics	1 341	1 316
Environment	892	836
Consumer protection	551	533
Civil protection	631	290
Energy	1 856	220
Total EEA EFTA contribution	229 680	206 084

The EEA Joint Committee

The EEA Joint Committee (EEA JC) is responsible for the management of the EEA Agreement and typically meets six to eight times a year. It is a forum in which views are exchanged and decisions are taken by consensus to incorporate EU legislation into the EEA Agreement. Before the Lisbon Treaty, the EEA JC comprised the ambassadors of the EEA EFTA States and representatives of the European Commission. In accordance with the Treaty of Lisbon, responsibility for coordinating EEA matters on the EU side was moved from the European Commission to the European External Action Service following its launch on 1 December 2010.

The EEA Joint Parliamentary Committee

The EEA Joint Parliamentary Committee is an advisory body that comprises members of the national parliaments of the EEA EFTA States and Members of the European Parliament (MEPs). It is not directly involved in the EEA decision-making process, but through reports and resolutions it aims to monitor and scrutinise EEA-relevant EU policies and decisions adopted in the EEA JC.

The EEA Consultative Committee

The EEA Consultative Committee is an advisory body made up of members of the EFTA Consultative Committee and the European Economic and Social Committee. The Committee works to strengthen contacts between the social partners on both sides and to cooperate in an organised and regular manner to enhance awareness of and provide input on the economic and social aspects of the EEA.

EEA EFTA Bodies

The Standing Committee of the EFTA States

The Standing Committee of the EFTA States serves as a forum in which the EEA EFTA States consult each other and arrive at a common position before meeting with the European Union in the EEA Joint Committee.

It consists of the Ambassadors to the EU of Iceland, Liechtenstein and Norway, and observers from Switzerland and the EFTA Surveillance Authority. The Committee's substructure consists of five subcommittees, under which there are several working groups.



The EFTA Surveillance Authority

Located in Brussels, the EFTA Surveillance Authority (ESA) ensures that Iceland, Liechtenstein and Norway respect their obligations under the EEA Agreement, in the same way that the EU Member States are supervised by the European Commission. It also ensures that enterprises in these countries abide by the rules relating to effective competition. ESA can investigate possible infringements of EEA provisions, either on its own initiative, or on the basis of complaints. ESA maintains close contact and cooperates frequently with the Commission.

The EFTA Court

The EFTA Court, based in Luxembourg, corresponds to the Court of Justice of the European Union in matters relating to the EEA EFTA States. The Court deals with infringement actions brought by ESA against an EEA EFTA State with regard to the implementation, application or interpretation of an EEA rule. The Court also handles the settlement of disputes between two or more EEA EFTA States. It hears appeals against decisions taken by ESA and gives advisory opinions to courts in the EEA EFTA States on the interpretation of EEA rules.

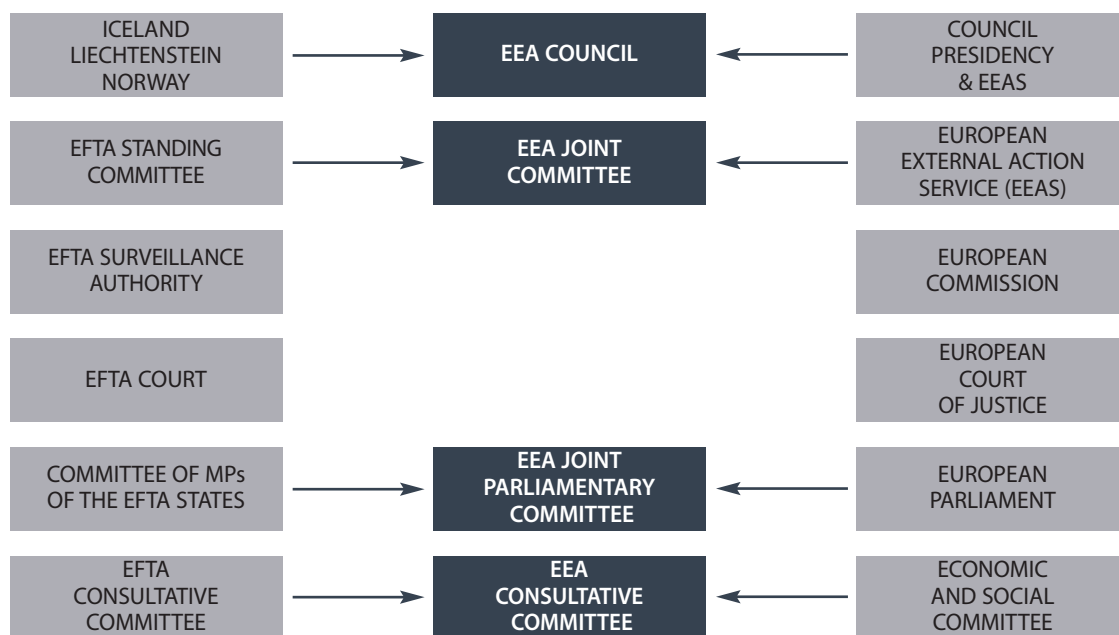
EFTA Seminar on the EEA

The EFTA Secretariat organises a biannual EEA Seminar in Brussels. The aim of this seminar is to provide professionals, from both the public and private sectors, with an overview of how the EEA Agreement works in practice, including its structure and procedures.

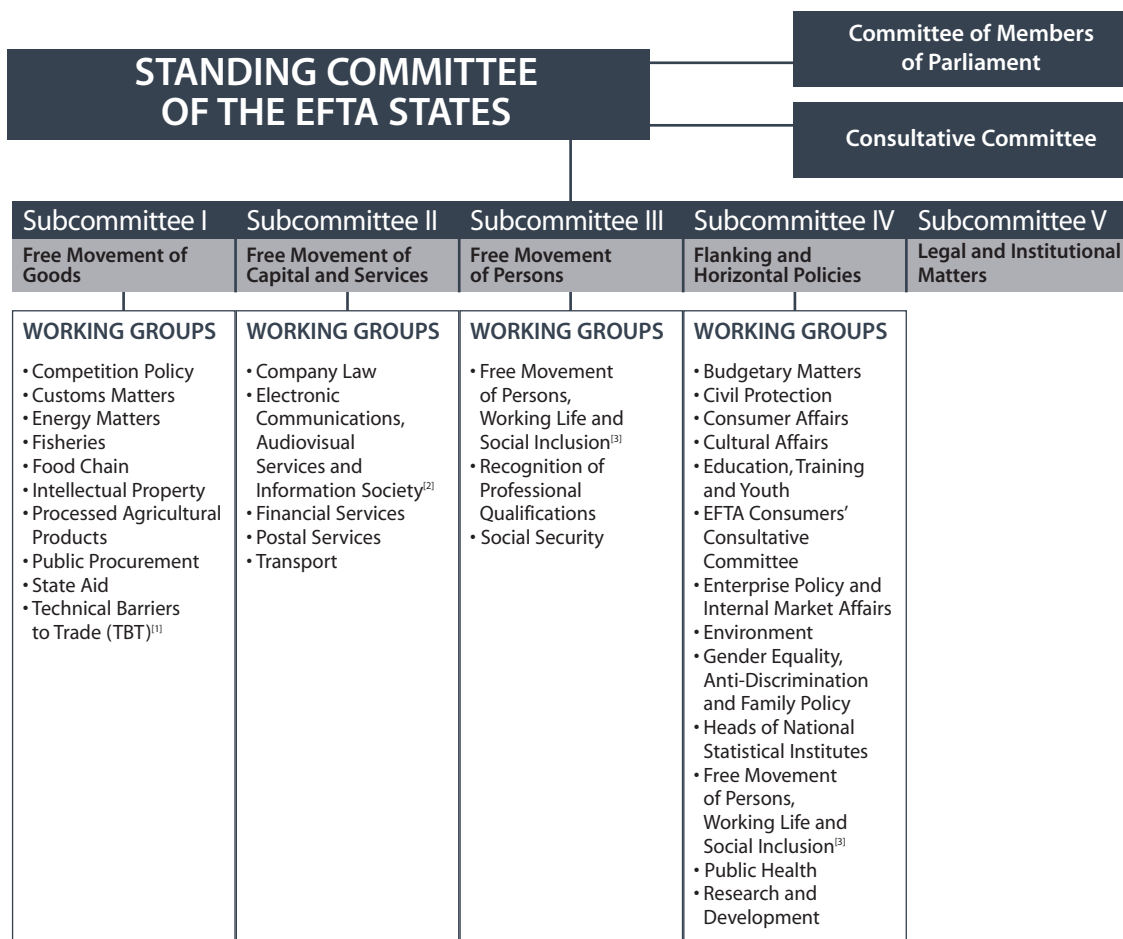
More information regarding the EEA Seminar is available on the EFTA website: <http://www.efta.int/eea/seminars/>



The Two-Pillar EEA Structure



This diagram illustrates the management of the EEA Agreement. The left pillar shows the EFTA States and their institutions, while the right pillar shows the EU side. The joint EEA bodies are in the middle.



^[1] Assisted by sector-specific expert groups.

^[2] Assisted by the Expert Group on Data Protection.

^[3] Working groups under Subcommittees III and IV merged temporarily.

EEA Grants and Norway Grants

The EEA Grants and Norway Grants contribute to reducing social and economic disparities in the European Economic Area. The Grants also provide opportunities for strengthening bilateral relations between the EEA EFTA States and the 15 beneficiary states in Central and Southern Europe.

Iceland, Liechtenstein and Norway participate in the Single Market on an equal basis with the EU Member States through the EEA Agreement, and are committed to reducing disparities and developing cooperation within this area. Five-year funding schemes have been in place since 1994. For the period 2004-2009, EUR 1.3 billion was available, whilst for the period 2009-2014, the EEA Grants and Norway Grants combined

amount to EUR 1.79 billion, with Norway's contribution representing around 97% of this figure.

Focused Funding

The funding is targeted at areas where there are needs in the beneficiary states, and that are in line with wider European shared interests and goals. In the current period, environment and sustainable development is the largest sector, and includes substantial funding targeting climate change and green innovation. Other key areas of support are health, education, civil society, research, justice and social dialogue.

Programme grants are available for non-governmental organisations (NGOs), research and academic institutions, and the public and private sectors in the

12 newest EU Member States, as well as in Greece, Portugal and Spain. There is broad cooperation with donor state entities, and programmes may be implemented until 2016.

Bilateral Partnerships

The benefits of the EEA Grants and Norway Grants go both ways. Both the donor and beneficiary states gain from increased cooperation under the partnership dimension.

To enhance partnership and exchange, many programmes involve cooperation between public authorities in the donor and beneficiary states at programme level. These bilateral partnerships ensure strategic, in-depth and sustainable cooperation. Bilateral partnerships are also encouraged at project level.

It is expected that developing networks through the Grants creates bonds in the political, institutional, cultural and academic fields that will endure beyond the funding.

- One-quarter of the funding was spent on environmental projects, largely focused on energy efficiency and renewable energy in public buildings and the reduction of emissions of carbon dioxide and other pollutants.
- NGO funds secured vital support to civil society, particularly in areas such as advocacy and social inclusion.
- Research projects provided valuable insights, especially in the field of environment, and proved to be a catalyst for bilateral cooperation between donor and beneficiary countries.
- Refurbishment of hospitals, new technology and training of medical staff made high quality services more accessible.
- A large number of key landmarks, historical buildings and cultural heritage sites were restored and made accessible for local communities and tourists.
- Schengen and the judiciary projects strengthened the general law enforcement in the beneficiary states and improved prison conditions through rehabilitation programmes for inmates and training for staff.
- Scholarship funds enhanced student and teacher mobility between donor and beneficiary countries and strengthened institutional capacity, improved skills and triggered mutual learning.

Highlights

In the previous funding period 2004-2009, all available funding was committed in all countries and the implementation rate was very high.



Romania's first centre for children's mental health. The centre received funding from the EEA Grants.

© Photo: George Roman, Save the Children Romania

EEA EFTA Support: Overview 1994-2014

The grant schemes have been negotiated and agreed between the EEA EFTA States and the European Commission on a five-year basis.

Period	EEA Grants (in million EUR)	Norway Grants (in million EUR)	Beneficiary countries*	Supported sectors	Status
2009-2014	998.5	800	Bulgaria, Cyprus, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovak Republic, Slovenia and Spain.	Environmental protection and management, climate change and renewable energy, carbon capture and storage, green industry innovation, civil society, human and social development, protecting cultural heritage, academic research and scholarship, promotion of decent work and tripartite dialogue, and justice and home affairs.	Establishment of programmes began in late 2011. Programmes will launch calls for funding of projects which may be implemented until 2016.
2004-2009	672	635	Bulgaria, Cyprus, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovak Republic, Slovenia and Spain.	Environment and sustainable development (23%), conservation of European cultural heritage (21%), health and childcare (14%), human resource development (11%), Schengen and judiciary (10%), civil society (7%), academic research (7%) and regional policy and cross-border activities (4%).	1 250 projects, programmes and funds were approved in the 15 beneficiary states. The large majority of projects were implemented by 30 April 2011.
Financial Instrument (FI) (in million EUR)					
1999-2003	120		Greece, Ireland, Northern Ireland, Portugal and Spain.	Environment (93%), education and training (5.4%) and transport (1.3%).	25 projects were approved in 2003. The FI closed in 2011.
Financial Mechanism (FM) (in million EUR)					
1994-1998	Grants: 500 Interest rebate loans: 1 500		Greece, Ireland, Northern Ireland, Portugal and Spain.	Environmental protection (61%), education and training (22%) and transport (17%).	56 projects and 37 interest rebate applications for a loan portfolio of EUR 1.5 billion in EIB loans were approved. The accounts for the FM were closed in 2008.

* Since 2004, Greece, Portugal and Spain have only been eligible for funding through the EEA Grants. Spain receives transitional support until the end of 2013.

EFTA INSTITUTIONS

The EFTA Council

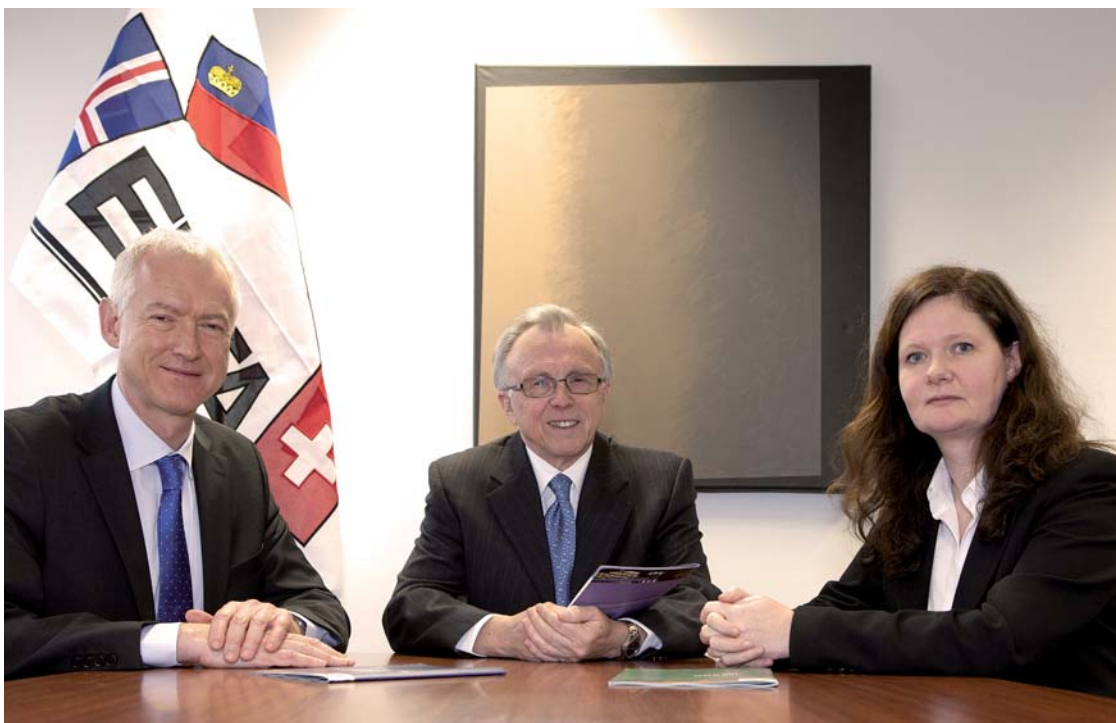
The EFTA Council manages relations between the EFTA States under the EFTA Convention. It is the forum in which the Member States consult, negotiate and act together. The Council's policy-making mandate is broad. The policies are designed to promote the overall objectives of the Association and to facilitate the development of links with other states and international organisations. The Council is also responsible for administrative and budgetary matters within EFTA.

The Council normally meets twice a year at ministerial level to provide direct political guidance to EFTA's work. These meetings take place in both formal and informal settings. At their summer meeting, the EFTA Ministers discuss free trade relations and the EEA Agreement. If required, an additional meeting devoted to free trade relations is held at the end of the year. Between the Ministerial meetings the Council meets monthly at ambassadorial level.

A number of specialised committees and expert groups assist and report directly to the Council. The Committee on Third-Country Relations, for instance, oversees the functioning and development of free trade and cooperation agreements with countries outside the European Union. The Committee of Origin and Customs Experts deals with cooperation in the field of customs. The EFTA Board of Auditors is the supreme auditing authority for the EFTA Secretariat. It also serves as a point of contact for the European Court of Auditors when auditing EFTA contributions to the EU Budget on the basis of the EEA Agreement. The Budget Committee assists the Council in EFTA budgetary matters. A number of committees manage the updating of the EFTA Convention.

EFTA Advisory Bodies

The EFTA Consultative Committee (made up of social partner representatives) and the EFTA Parliamentary Committee (comprising members of EFTA's national parliaments) advise the Council on current EFTA



Ivo Kaufmann, Deputy Secretary-General in Geneva; Kåre Bryn, Secretary-General; and Bergdís Ellertsdóttir, Deputy Secretary-General in Brussels.

matters. Both committees have formal links with their EU colleagues (see the two-pillar EEA structure on page 20). They also meet occasionally with their counterparts in countries with which EFTA has free trade relations.

Managing the EFTA Secretariat

The day-to-day running of the Secretariat is headed by the Secretary-General, who is assisted by two Deputy Secretaries-General, one based in Geneva and the other in Brussels. The three posts are divided between the Member States.

The organisational structure of the Secretariat reflects the different fields of EFTA's activities. The Secretariat employs approximately 90 staff members, a third of whom are based in Geneva, two thirds in Brussels and a small team in Luxembourg. All staff members are employed on three-year contracts, renewable once. Whilst working at the Secretariat, staff members are

servants of the Association and therefore not responsible to their national governments.

Staff at EFTA's headquarters in Geneva deal with the management and negotiation of free trade agreements with non-EU countries, and assist the EFTA Council.

The Secretariat in Brussels provides support for the management of the EEA Agreement, and assists the Member States in preparing new legislation for integration into the EEA Agreement. The Secretariat also supports the Member States in the elaboration of input into EU decision making.

The two duty stations work together closely to implement the Vaduz Convention as regards the intra-EFTA free trade area.

The EFTA Statistical Office in Luxembourg contributes to the development of a broad and integrated European Statistical System.

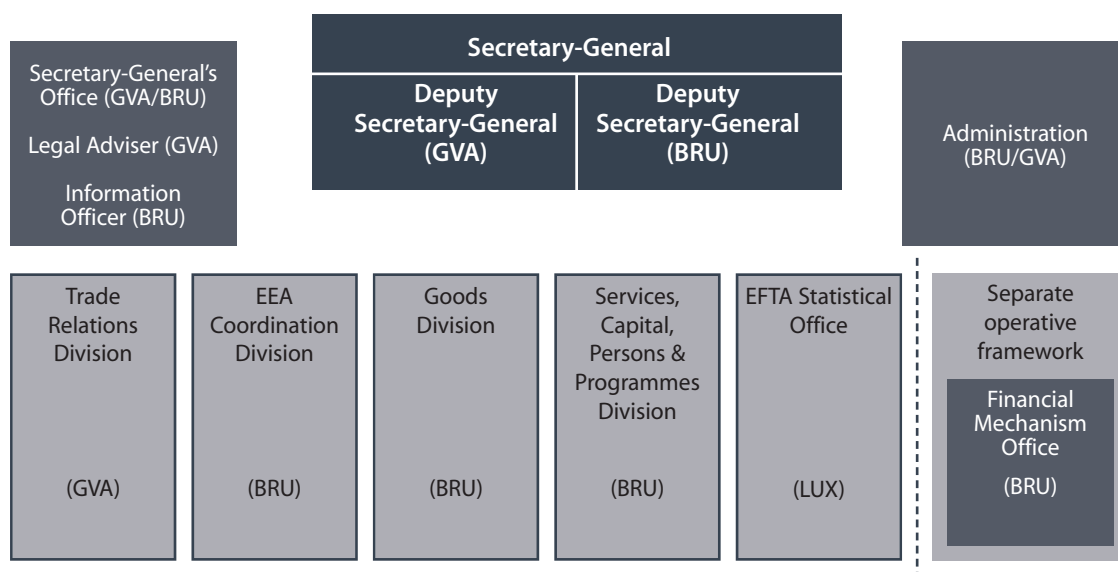
European Standardisation

The EFTA States and the European Commission cooperate closely to create and implement a European standardisation policy. This includes parallel financing of standards-related work carried out by CEN, the European Committee for Standardization; CENELEC, the European Committee for Electrotechnical Standardization; and ETSI, the European Telecommunications Standards Institute. EFTA also cofinances the activities of ANEC, the European association for the coordination of consumer representation in standardisation; ECOS, the European Environmental Citizens Organisation for Standardisation; and EOTA, the European Organisation for Technical Approvals. NORMAPME, the European Office of Crafts, Trades and Small and Medium sized Enterprises for Standardisation, is cofinanced by the EEA EFTA States through the Competitiveness and Innovation Programme.

European Accreditation

The EFTA States and the European Commission have also been working together since 2010 to implement a European accreditation policy. This includes the cofinancing of activities carried out by the European co-operation for Accreditation (EA).

Organisational chart of the EFTA Secretariat



EFTA Budget 2012 (in CHF)

Fig. 7

Budget posts	Budget 2012
Trade-related activities	4 696 000
EEA-related activities	7 712 000
EFTA/EU statistical cooperation	679 000
Secretary-General's services (information, horizontal and Council activities)	1 964 000
EU/EFTA and EFTA cooperation programmes	2 958 000
Administration and management	4 057 000
Total	22 066 000

Contributions to the EFTA Budget 2012

Fig. 8

Member State	Contributions (in CHF)	Share (in %)
Iceland	844 360	3.83
Liechtenstein	195 198	0.88
Norway	12 501 012	56.65
Switzerland	8 525 430	38.64
Total	22 066 000	100.00

EFTA IN FIGURES

The EU27's top trading partners in merchandise trade: 2010

(in million EUR and %)

Fig. 9

Rank	Partner	Import	Export	Trade	Balance	As % of EU27's external trade
	Extra-EU27*	1 506 934	1 347 948	2 854 881	-158 986	100.0
1	United States	170 111	242 173	412 284	72 062	14.4
2	China	282 508	113 251	395 760	-169 257	13.9
3	EFTA	167 256	150 002	317 259	-17 254	11.1
4	Russian Federation	158 553	86 133	244 686	-72 420	8.6
5	Japan	65 766	43 852	109 618	-21 914	3.8

Source: Eurostat (COMEXT)

* Extra-EU27 trade includes imports/exports of goods which enter/leave the statistical territory of EU27 from a third country.

The EU27's top trading partners in trade in services: 2010

(in million EUR and %)

Fig. 10

Rank	Partner	Import	Export	Trade	Balance	As % of EU27's external trade
	Extra-EU27*	453 604	539 028	992 632	85 424	100.0
1	United States	132 638	128 761	261 399	-3 877	26.3
2	EFTA	63 293	89 898	153 190	26 605	15.4
3	China	16 445	22 436	38 881	5 991	3.9
4	Russian Federation	14 096	23 209	37 304	9 113	3.8
5	Japan	14 924	19 564	34 488	4 640	3.5

Source: Eurostat (bop_its_det)

* Extra-EU27 trade includes imports/exports of services which enter/leave the statistical territory of EU27 from a third country.

The EU27's merchandise trade with EFTA: 2010

(in million EUR and %)

Fig. 11

Country	EU imports from	Annual change %	Share (%) of extra-EU27 imports	EU exports to	Annual change %	Share (%) of extra-EU27 exports	Balance
EFTA	167 240	14.6	11.1	149 920	16.7	11.1	-17 320
Iceland	2 658	22.7	0.2	1 652	22.0	0.1	-1 006
Liechtenstein	1 062	3.8	0.1	1 085	4.7	0.1	23
Norway	79 228	15.0	5.3	41 825	11.4	3.1	-37 403
Switzerland	84 293	14.2	5.6	105 359	19.0	7.8	21 066

Source: Eurostat (COMEXT)

Figures are presented as reported by EU27 and might differ from figure 12 which presents figures as reported by EFTA countries.

EFTA's merchandise trade with the world and the EU27: 2010

(in million EUR and %)

Fig. 12

Country	Total trade with world	Imports	Exports	Total trade with EU27	Exports	Imports	Trade with EU as % of total
Iceland	6 420	2 945	3 475	4 228	2 689	1 539	65.9
Liechtenstein*	3 779	1 365	2 413	2 707	1 493	1 215	71.7
Norway	157 332	58 342	98 990	117 044	80 096	36 947	74.4
Switzerland	299 976	141 878	158 098	202 820	93 001	109 819	67.6

Sources: Eurostat (COMEXT)

* Liechtenstein's trade with Switzerland is not included due to the existence of the Swiss-Liechtenstein Customs Union.

Figures are presented as reported by EFTA countries and might differ from figure 11 which presents figures as reported by EU27.



EFTA's merchandise trade with the EU27: 2010

(in million EUR)

Fig. 13

Partner	EFTA			Iceland			Liechtenstein			Norway			Switzerland		
	Imports	Exports	Trade	Imports	Exports	Trade	Imports	Exports	Trade	Imports	Exports	Trade	Imports	Exports	Trade
	from	to		from	to		from	to		from	to		from	to	
EU27	149 521	177 279	326 800	1 539	2 689	4 229	1 215	1 493	2 707	36 947	80 096	117 044	109 819	93 001	202 820
Germany	53 153	42 706	95 859	222	486	708	534	558	1 092	7 180	11 202	18 382	45 217	30 459	75 677
United Kingdom	9 078	36 690	45 768	151	350	501	20	68	88	3 432	26 724	30 156	5 475	9 549	15 023
France	14 291	19 008	33 300	54	111	165	24	230	254	2 073	6 493	8 565	12 141	12 176	24 316
Italy	16 095	15 066	31 161	88	56	144	51	131	182	1 582	2 477	4 059	14 373	12 403	26 776
Netherlands	8 936	17 530	26 466	253	1 175	1 428	21	21	42	2 177	11 840	14 017	6 485	4 494	10 979
Sweden	9 456	8 231	17 686	153	17	170	4	31	35	8 202	6 911	15 112	1 097	1 271	2 368
Austria	7 059	5 856	12 915	11	6	18	474	280	754	463	583	1 047	6 110	4 987	11 097
Spain	4 609	7 055	11 665	33	163	197	7	54	61	766	1 826	2 592	3 803	5 013	8 815
Belgium	5 085	5 683	10 768	40	58	99	8	10	18	1 071	2 614	3 685	3 966	3 001	6 967
Denmark	4 597	4 085	8 682	209	90	299	2	3	6	3 626	3 191	6 817	760	800	1 560
Ireland	5 161	1 601	6 762	23	10	33	2	1	3	602	1 053	1 655	4 533	536	5 069
Poland	2 524	3 284	5 808	36	40	76	24	25	49	1 465	1 607	3 072	999	1 612	2 611
Czech Republic	2 251	2 131	4 382	17	2	18	8	17	25	579	783	1 362	1 647	1 329	2 977
Finland	2 311	1 964	4 276	160	7	167	6	13	18	1 489	1 237	2 726	657	708	1 364
Portugal	591	1 428	2 019	6	42	48	0	2	2	194	585	778	391	800	1 191
Hungary	1 003	816	1 819	10	2	12	8	7	15	263	55	317	722	753	1 474
Greece	206	1 264	1 470	2	11	13	1	11	12	32	225	257	171	1 017	1 188
Romania	602	726	1 328	4	1	5	3	10	13	359	121	480	236	594	830
Slovak Republic	696	433	1 129	4	0	5	8	9	17	297	30	327	387	394	780
Lithuania	454	318	772	14	52	66	0	1	1	399	188	587	42	77	119
Estonia	436	245	681	25	7	32	0	0	0	319	174	494	91	64	155
Slovenia	278	292	570	2	0	2	3	3	6	73	24	97	199	265	464
Luxembourg	266	254	520	1	1	2	1	1	2	63	22	85	200	231	431
Latvia	232	235	467	12	1	14	0	0	0	194	83	278	25	150	175
Bulgaria	120	220	340	1	0	2	3	4	7	35	11	46	81	204	284
Cyprus	9	85	95	0	0	0	0	2	2	5	22	27	4	61	66
Malta	21	73	94	5	0	6	0	1	1	7	18	25	9	53	62

Source: Eurostat (COMEXT)

EFTA's top 50 trading partners in merchandise trade: 2010

(in million EUR and %)

Fig. 14

Rank	Country	Total trade	Share %	Export	Share %	Rank	Imports	Share %	Rank	Trade balance
1	Germany	95 859	20.5	42 706	16.2	1	53 153	26.0	1	-10 448
2	United Kingdom	45 768	9.8	36 690	14.0	2	9 078	4.4	7	27 612
3	France	33 300	7.1	19 008	7.2	4	14 291	7.0	3	4 717
4	United States	32 392	6.9	21 252	8.1	3	11 140	5.4	4	10 112
5	Italy	31 161	6.7	15 066	5.7	6	16 095	7.9	2	-1 029
6	Netherlands	26 466	5.7	17 530	6.7	5	8 936	4.4	8	8 594
7	Sweden	17 686	3.8	8 231	3.1	7	9 456	4.6	6	-1 225
8	China	17 441	3.7	7 539	2.9	8	9 903	4.8	5	-2 364
9	Austria	12 915	2.8	5 856	2.2	11	7 059	3.5	9	-1 203
10	Spain	11 665	2.5	7 055	2.7	9	4 609	2.3	12	2 446
11	Japan	10 838	2.3	6 567	2.5	10	4 271	2.1	14	2 296
12	Belgium	10 768	2.3	5 683	2.2	12	5 085	2.5	11	599
13	Denmark	8 682	1.9	4 085	1.6	14	4 597	2.2	13	-512
14	Hong Kong China	6 777	1.4	5 327	2.0	13	1 450	0.7	23	3 876
15	Ireland	6 762	1.4	1 601	0.6	27	5 161	2.5	10	-3 560
16	Canada	6 555	1.4	3 914	1.5	15	2 641	1.3	15	1 273
17	Poland	5 808	1.2	3 284	1.2	17	2 524	1.2	16	759
18	Russian Federation	5 454	1.2	3 062	1.2	19	2 392	1.2	17	671
19	Korea, Republic of	5 444	1.2	3 316	1.3	16	2 128	1.0	21	1 188
20	Czech Republic	4 382	0.9	2 131	0.8	22	2 251	1.1	20	-121
21	Finland	4 276	0.9	1 964	0.7	25	2 311	1.1	19	-347
22	Singapore	4 244	0.9	3 248	1.2	18	996	0.5	28	2 252
23	Brazil	4 231	0.9	2 525	1.0	20	1 706	0.8	22	819
24	India	3 454	0.7	2 356	0.9	21	1 098	0.5	24	1 258
25	Turkey	3 096	0.7	2 064	0.8	23	1 032	0.5	26	1 032
26	Vietnam	2 739	0.6	374	0.1	46	2 364	1.2	18	-1 990
27	Chinese Taipei	2 597	0.6	1 550	0.6	28	1 047	0.5	25	503
28	United Arab Emirates	2 547	0.5	1 973	0.8	24	574	0.3	37	1 399
29	Australia	2 251	0.5	1 908	0.7	26	344	0.2	44	1 564
30	Portugal	2 019	0.4	1 428	0.5	29	591	0.3	36	837
31	Thailand	1 988	0.4	1 015	0.4	33	973	0.5	29	41
32	Hungary	1 819	0.4	816	0.3	35	1 003	0.5	27	-187
33	South Africa	1 663	0.4	708	0.3	38	955	0.5	30	-247
34	Mexico	1 642	0.4	1 147	0.4	32	495	0.2	39	652
35	Saudi Arabia, Kingdom of	1 493	0.3	1 363	0.5	30	130	0.1	49	1 234
36	Greece	1 470	0.3	1 264	0.5	31	206	0.1	46	1 058
37	Romania	1 328	0.3	726	0.3	37	602	0.3	35	123
38	Switzerland	1 311	0.3	672	0.3	39	639	0.3	34	33
39	Norway	1 239	0.3	749	0.3	36	490	0.2	40	259
40	Israel	1 213	0.3	826	0.3	34	386	0.2	43	440
41	Malaysia	1 195	0.3	662	0.3	40	533	0.3	38	129
42	Slovak Republic	1 129	0.2	433	0.2	45	696	0.3	33	-263
43	Kazakhstan	1 052	0.2	200	0.1	49	851	0.4	31	-651
44	Azerbaijan	892	0.2	123	0.0	50	769	0.4	32	-646
45	Lithuania	772	0.2	318	0.1	47	454	0.2	41	-136
46	Egypt	716	0.2	633	0.2	41	83	0.0	50	550
47	Nigeria	710	0.2	514	0.2	43	195	0.1	47	319
48	Indonesia	695	0.1	453	0.2	44	242	0.1	45	211
49	Ukraine	687	0.1	526	0.2	42	162	0.1	48	364
50	Estonia	681	0.1	245	0.1	48	436	0.2	42	-190
Other countries		16 235	3.5	10 291	3.9	n.a.	5 944	2.9	n.a.	4 347

Source: Eurostat (COMEXT)



Leaders in world merchandise trade: 2010

(in billion USD and %)

Fig. 15

Rank	Country	Total	Share (%) in world total	Exports	Imports
1	Extra-EU27	3 779.0	15.81	1 788.1	1 990.9
2	United States	3 247.4	13.58	1 278.3	1 969.2
3	China	2 972.9	12.43	1 577.8	1 395.1
4	Japan	1 463.9	6.12	769.8	694.1
5	Korea, Republic of	891.6	3.73	466.4	425.2
6	Hong Kong China	843.1	3.53	401.0	442.0
	retained imports	116.1	0.49		116.1
	domestic exports	18.0	0.08	18.0	
	re-exports	383.0	1.60	383.0	
7	Canada	790.3	3.31	388.0	402.3
8	Singapore ^[1]	662.7	2.77	351.9	310.8
	retained imports	141.7	0.59		141.7
	domestic exports	183.0	0.77	183.0	
	re-exports	169.1	0.71	169.1	
9	Russian Federation	648.9	2.71	400.1	248.7
10	Mexico	608.9	2.55	298.3	310.6
11	EFTA	588.5	2.46	331.4	257.1
12	India	547.2	2.29	220.0	327.2
13	Chinese Taipei	525.8	2.20	274.6	251.2
14	Australia	414.2	1.73	212.6	201.6
15	Brazil	393.4	1.65	201.9	191.5
16	United Arab Emirates	380.0	1.59	220.0	160.0
17	Thailand	377.7	1.58	195.3	182.4
18	Malaysia	363.5	1.52	198.8	164.7
19	Saudi Arabia, Kingdom of	346.8	1.45	249.7	97.1
20	Turkey	299.5	1.25	114.0	185.5
21	Indonesia	289.6	1.21	157.8	131.7
22	South Africa	175.9	0.74	81.8	94.0
23	Iran, Islamic Republic of	165.5	0.69	100.5	65.0
24	Vietnam	157.0	0.66	72.2	84.8
25	Chile	130.0	0.54	71.0	59.0
Total of above ^[2]		21 063.2	88.10	10 421.3	10 641.9
World ^{[2] [3]}		23 908.7	100.00	11 871.9	12 036.9

Source: WTO Secretariat

^[1] Singapore's retained imports are defined as imports less re-exports; domestic exports sourced from WTO 2011 Press Release, World Trade 2010, Prospects for 2011, 7 April 2011.

^[2] Includes significant re-exports or imports for re-export.

^[3] Excluding intra-EU27 trade.

Leaders in world commercial services trade: 2010

(in billion USD and %)

Fig. 16

Rank	Country	Total	Share (%) in world total	Exports	Imports
1	Extra-EU27	1 275	23.16	685	590
2	United States	876	15.92	518	358
3	China	362	6.58	170	192
4	Japan	295	5.35	139	156
5	India	239	4.35	123	116
6	Singapore	208	3.78	112	96
7	EFTA	202	3.67	120	82
8	Korea, Republic of	175	3.17	82	93
9	Canada	157	2.86	67	90
10	Hong Kong China	157	2.86	106	51
11	Russian Federation	114	2.07	44	70
12	Australia	97	1.77	47	50
13	Brazil	90	1.64	30	60
14	Thailand	79	1.44	34	46
15	Chinese Taipei	77	1.40	40	37
16	Malaysia	65	1.17	33	32
17	Saudi Arabia, Kingdom of	61	1.11	10	51
18	United Arab Emirates	52	0.94	11	41
19	Turkey	52	0.94	33	18
21	Israel	42	0.77	25	18
20	Indonesia	42	0.76	16	26
22	Mexico	38	0.68	15	22
23	Egypt	37	0.67	24	13
24	Macao, China	35	0.64	28	7
25	South Africa	32	0.57	14	18
Total of above		4 861	88.29	2 528	2 333
World *		5 506	100.00	2 780	2 688

Source: WTO Secretariat

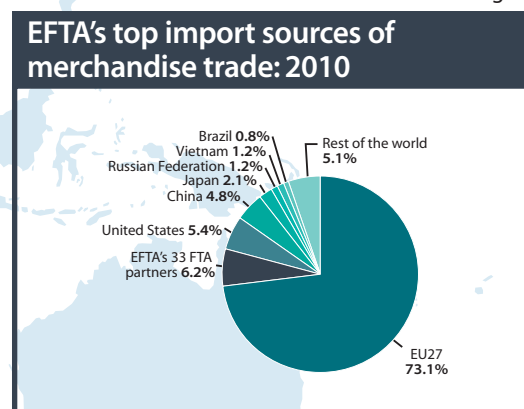
* Excluding intra-EU27 trade.

Fig. 17



Source: Eurostat (COMEXT)

Fig. 18

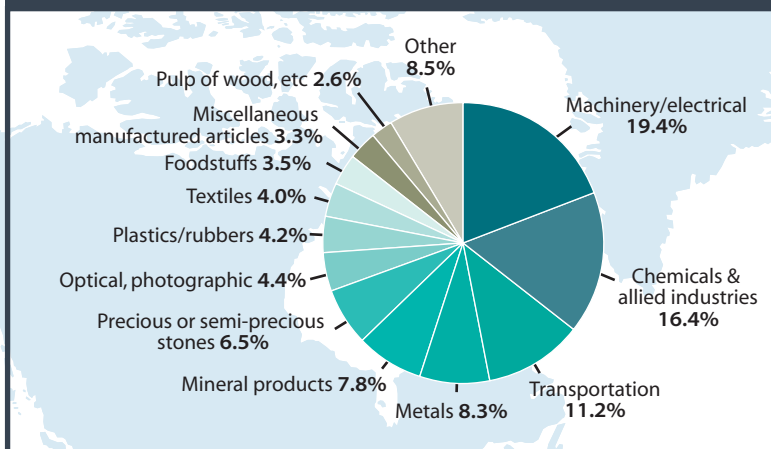


Source: Eurostat (COMEXT)



Fig. 19

EFTA's key imports by commodity HS* section: 2010

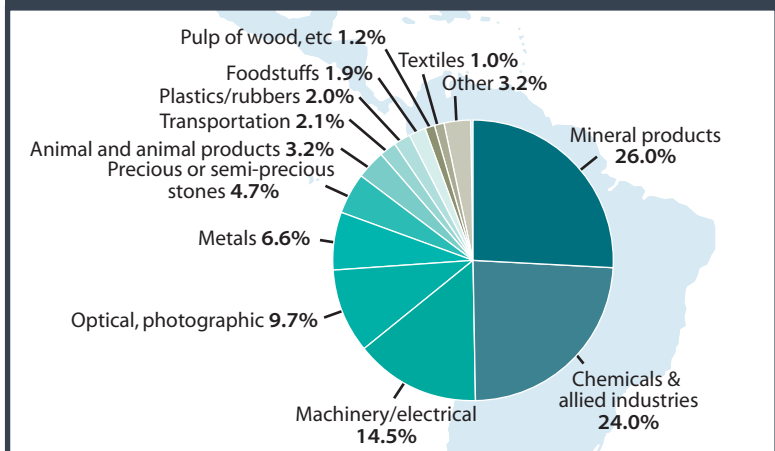


Source: Eurostat (COMEXT)

* HS: Harmonised System for Product Classification.

Fig. 20

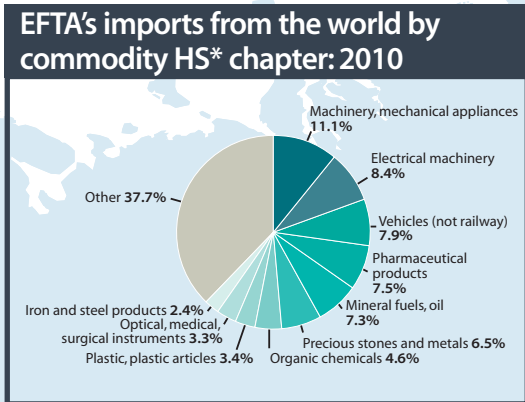
EFTA's key exports by commodity HS* section: 2010



Source: Eurostat (COMEXT)

* HS: Harmonised System for Product Classification.

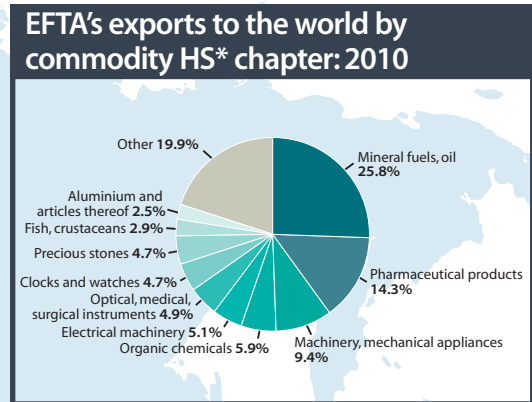
Fig. 21



Source: Eurostat (COMEXT)

* HS: Harmonised System for Product Classification.

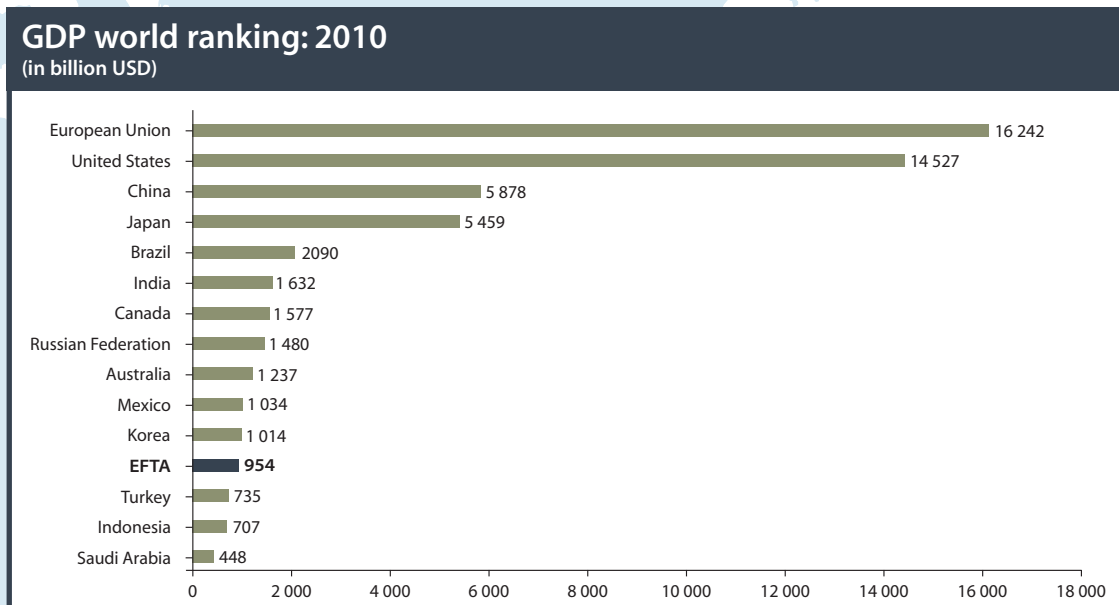
Fig. 22



Source: Eurostat (COMEXT)

* HS: Harmonised System for Product Classification.

Fig. 23

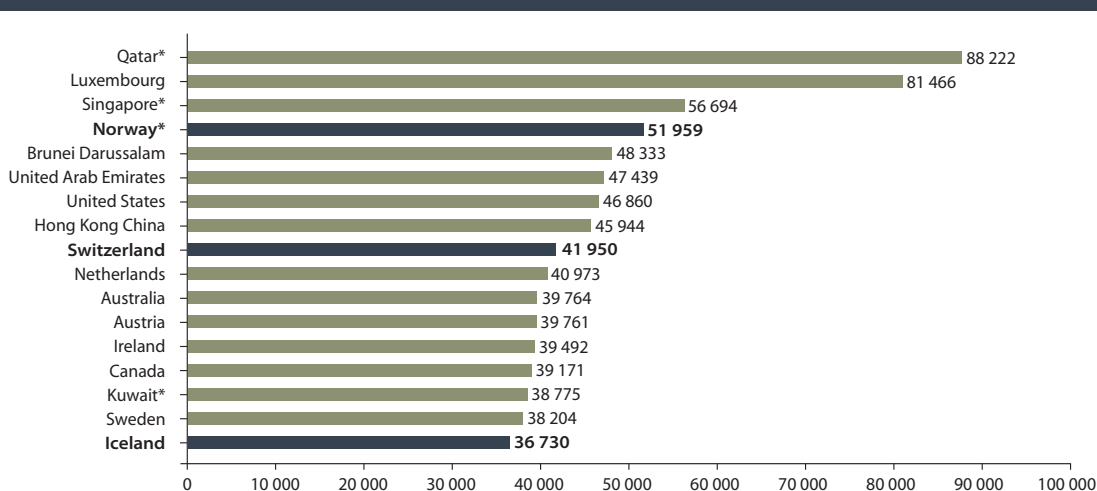


Source: International Monetary Fund, World Economic Outlook Database

Fig.24

Leaders in GDP per capita (PPP): 2010

(in current international dollars)

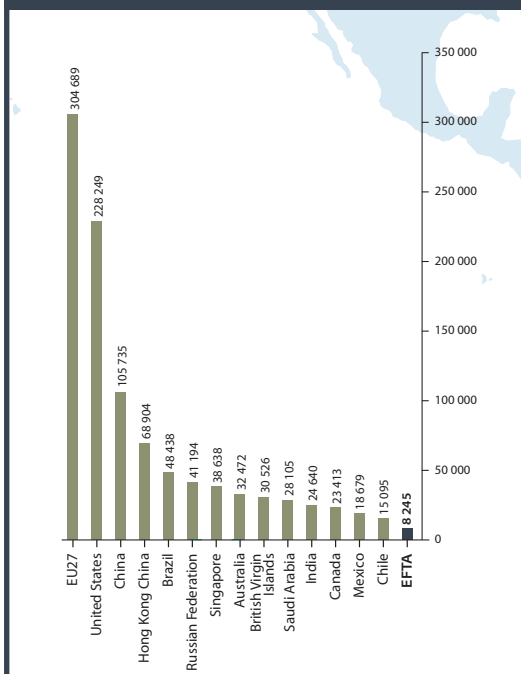


Source: International Monetary Fund, World Economic Outlook Database
* Estimate.

Fig.25

Global FDI* flows by recipient: 2010

(in million USD)

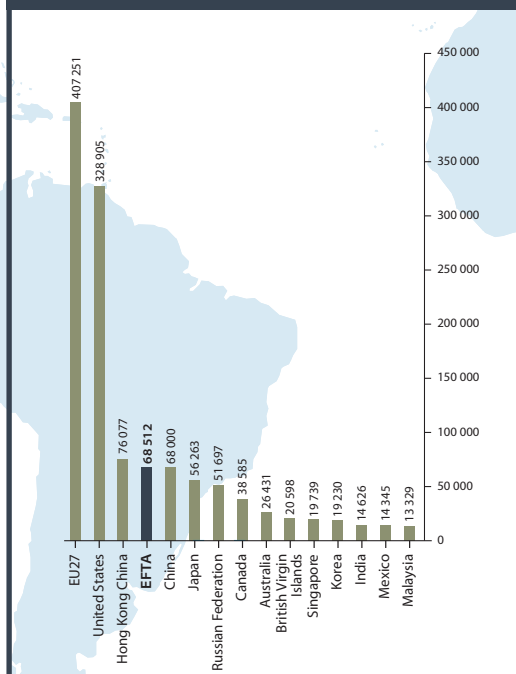


Source: United Nations Conference on Trade and Development (UNCTAD)
* FDI: Foreign Direct Investment.

Fig.26

Global FDI* flows by origin: 2010

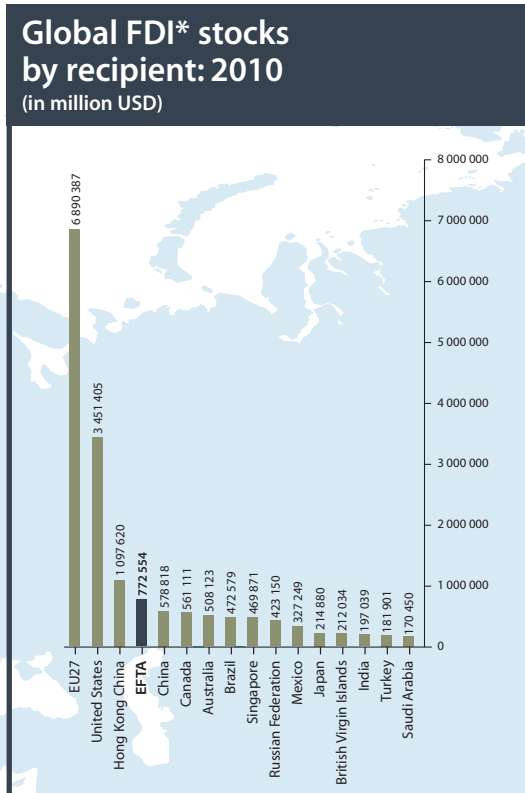
(in million USD)



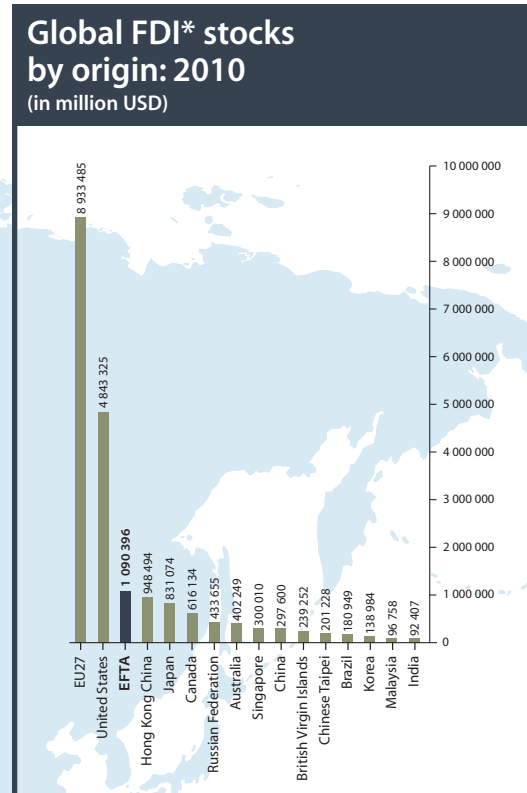
Source: United Nations Conference on Trade and Development (UNCTAD)
* FDI: Foreign Direct Investment.

Fig. 27

Fig. 28



Source: United Nations Conference on Trade and Development (UNCTAD)
* FDI: Foreign Direct Investment.



Source: United Nations Conference on Trade and Development (UNCTAD)
* FDI: Foreign Direct Investment.

Top EFTA listed companies: 2011

Fig. 29

EFTA ranking	Europe ranking	World ranking	Company	Activity	Market value (in billion USD)
1	2 (1)	13 (12)	Nestlé (CH)	Food producer	199.4
2	6 (5)	32 (28)	Novartis (CH)	Pharmaceuticals	143.6
3	9 (6)	40 (29)	Roche Holding (CH)	Pharmaceuticals	127.1
4	20 (25)	65 (74)	Statoil ASA (NO)	Oil & gas	88.4
5	35 (39)	98 (105)	UBS (CH)	Banking	69.0
6	50 (52)	127 (130)	ABB (CH)	Industrial engineering	55.7
7	56 (34)	149 (94)	Credit Suisse (CH)	Banking	50.6
8	72 (73)	193 (187)	Zurich Financial Services (CH)	Nonlife insurance	41.2
9	94 (90)	291 (293)	Syngenta (CH)	Chemicals	30.9
10	95 (108)	297 (386)	Richemont (CH)	Personal goods	30.3
11	102 (100)	333 (347)	Telenor (NO)	Mobile telecommunications	27.3
12	108 (-)	363 (273)	Transocean (CH)	Oil equipment & services	25.2
13	110 (118)	366 (419)	DnB Nor (NO)	Banking	25.0
14	112 (96)	371 (323)	Holcim (CH)	Construction & materials	24.7
15	117 (131)	389 (467)	Swatch Group (CH)	Personal goods	23.6
16	119 (117)	396 (411)	Swisscom (CH)	Fixed line telecommunications	23.2
17	127 (124)	441 (433)	Swiss Re (CH)	Nonlife insurance	21.3
18	167 (233)	n.a.	Norsk Hydro (NO)	Industrial metals & mining	17.0
19	168 (194)	n.a.	Kuhne + Nagel International (CH)	Industrial transport	16.9
20	175 (159)	n.a.	Synthes (CH)	Health care equipment & services	16.1

Source: Financial Times (FT) Global 500 Survey 2011
The FT Global 500 2011 is based on market values and prices on 31 March 2011.
(2010 rankings are indicated in brackets)

The EFTA States combine competitiveness ...

The World Competitiveness Scoreboard: 2011

According to IMD*

Fig. 30

Rank	Country
5 (4)	Switzerland
13 (9)	Norway
31 (30)	Iceland

Source: * Institute for Management Development (IMD), World Competitiveness Yearbook 2011 (2010 rankings are indicated in brackets)

The Overall Competitiveness Scoreboard ranks the world's 55 leading economic nations. It is calculated by combining four factors of competitiveness: economic performance, government efficiency, business efficiency and infrastructure.

The Global Competitiveness Index: 2011

According to WEF*

Fig. 31

Rank	Country
1 (1)	Switzerland
16 (14)	Norway
30 (31)	Iceland

Source: * World Economic Forum (WEF), the Global Competitiveness Report 2011/12 (2010 rankings are indicated in brackets)

The Global Competitiveness Index measures the set of institutions, policies and factors that determine the sustainable current and medium-term levels of economic prosperity.

... with a high quality of life

The Human Development Index: 2011

Fig. 32

Rank	Country
1	Norway
2	Australia
3	Netherlands
4	United States
5	New Zealand
6	Canada
7	Ireland
8	Liechtenstein
9	Germany

Rank	Country
10	Sweden
11	Switzerland
12	Japan
13	Hong Kong China
14	Iceland
15	Korea, Republic of
16	Denmark
17	Israel
18	Belgium

Source: United Nations Development Programme (UNDP), the 2011 Human Development Report

The Human Development Index (HDI) is a summary composite index that measures a country's average achievements in three basic aspects of human development: health, knowledge and a decent standard of living.

Social indicators: 2010

Fig. 33

	Iceland	Liechtenstein	Norway	Switzerland	EU27
Life expectancy at birth - women ^{[1][2]}	84.1	84.3	83.3	84.6	82.4
Life expectancy at birth - men ^{[1][2]}	79.8	79.5	79.0	79.9	76.4
Infant mortality rate (per 1 000 live births) ^{[3][4]}	2.2	3.0	2.8	3.8	4.3
Population growth rate (in %) ^[5]	0.3	0.7	1.3	1.1	0.3
Employment rate (% of people aged 15 to 64 in employment) ^[6]	78.2	69.3	75.3	78.6	64.2
Women	76.2	60.8	73.3	72.5	58.2
Men	80.1	77.8	77.3	84.6	70.1
Unemployment rate (in %) ^[7]	7.6	2.6	3.5	4.5	9.7

Sources: Eurostat and national statistical offices

^[1] Swiss figures are from 2009.

^[2] EU27 figures are from 2008.

^[3] Liechtenstein and Swiss data are provisional.

^[4] EU27 figures are from 2009.

^[5] EU27 and Swiss growth rate in 2009.

^[6] Swiss figures are based on Q2 data instead of annual averages of four quarters.

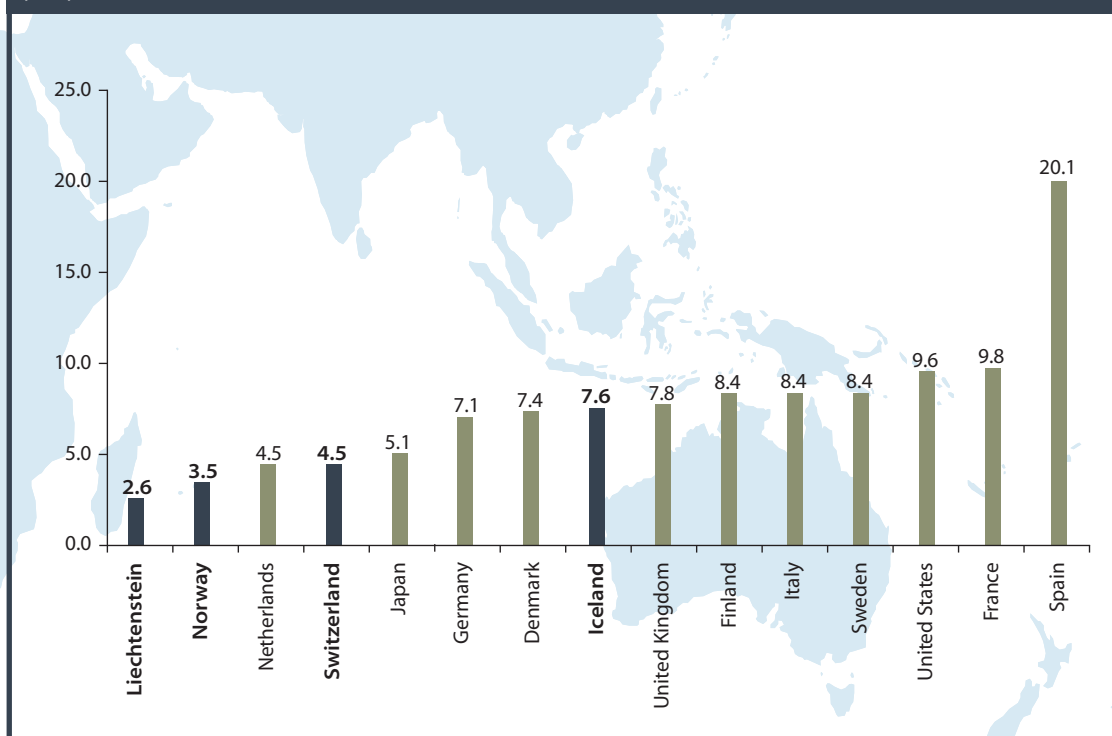
^[7] Liechtenstein unemployment is register-based unemployment.

Fig. 34



Unemployment rates*: 2010

(in %)



Source: Eurostat and national statistical offices

* Based on the EU Labour Force Survey, Liechtenstein data is register-based unemployment.







The European Free Trade Association (EFTA) is an intergovernmental organisation for the promotion of free trade and economic integration to the benefit its four Member States: Iceland, Liechtenstein, Norway and Switzerland. The Association is responsible for the management of:

- The EFTA Convention, which forms the legal basis of the organisation and governs free trade relations between the EFTA States;
 - EFTA's worldwide network of free trade and partnership agreements; and
 - The Agreement on the European Economic Area (EEA), which enables three of the four EFTA Member States (Iceland, Liechtenstein and Norway) to participate fully in the Internal Market of the European Union.
-

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